

Miyazawa Grasps at Ways to Save Job Looks to Friends, Promising Help For U.S. Economy

By Steven R. Weisman New York Times Service TOKYO — Shaken by scandals and now friction with Washington, Prime Minister Kiichi Miyazawa on Friday opened a new session of parliament pledging to "make every effort to cooperate" with the United States to solve its economic problems.

"Japan-U.S. relations are the cornerstone of Japanese foreign policy," Mr. Miyazawa said. "It would be no exaggeration to say that Japan could not have achieved its postwar prosperity had it not been for the good-willed support of the United States."

Mr. Miyazawa's comments were a clear attempt to overcome not only the scandals but also a sagging economy, opposition to several legislative measures and, most of all, an image of disarray that threatens to bring his time in office to an early end.

Among the measures backed by Mr. Miyazawa but considered unlikely to pass soon are a bill to allow the dispatch of Japanese troops abroad to participate in United Nations peacekeeping forces and a set of bills to curb the flow of private money into politics.

Mr. Miyazawa's approval ratings in opinion polls are in the range of 40 to 50 percent, a respectable level that has been helped, in the view of some politicians, by sympathy for the way he comforted President George Bush and Barbara Bush earlier this month when Mr. Bush collapsed with the flu during a Tokyo dinner.

Many Japanese say the prime minister reflected a sense of caring about the United States, but others fear that if he handles his political problems badly and fails to win much of his legislative program, his popularity could plummet to about 20 percent. If that happens, some feel he could be ousted and replaced before partial parliamentary elections next summer.

"He has yet to make a clear-cut start," a senior party leader said. "It is still not too late, but he should clearly set out a program indicating what he will be doing."

The governing Liberal Democratic Party is concerned about elections in the upper house of the parliament in May or June. If the party loses many seats, Mr. Miyazawa could be forced out of office.



NOVI SAD REMEMBERS ITS DEAD — A Serbian volunteer soldier keeping watch with binoculars as he stood behind two Orthodox priests during ceremonies marking the 50th anniversary of a mass murder in Novi Sad, Yugoslavia. More than 1,300 Serbs, Jews and Gypsies were reported killed on Jan. 23, 1942.

U.S. Maps Shift To Save Billions On Buying Arms Building Only Test Models Would Also Threaten Jobs

By Eric Schmitt New York Times Service WASHINGTON — In a shift that could save billions of dollars in future military spending — but cut defense jobs — the Pentagon plans to suspend production of most new weapons after developing test models, according to senior Defense Department officials.

The production phase is by far the most expensive stage in buying new weapons, consuming 35 percent to 45 percent of the total cost, while the research, design and development of test models, or prototypes, usually represents 20 percent to 25 percent.

Congress will ultimately decide whether the new plan goes into effect through its control over the Pentagon budget. Opposition appears likely because lawmakers, while generally favoring cuts in military spending, do not like to slash weapons manufacturing that benefits their districts and states.

But if the Pentagon's proposal is approved, the move is likely to deal a severe blow to military contractors, who have already been forced to lay off thousands of workers in the aftermath of Pentagon budget cuts.

The new system means that the purchase of weapons already in production, including the B-2 bomber and the Seawolf submarine, would be cancelled or canceled, saving about \$50 billion that was expected to be spent over the next five years. It would mean \$6 billion to \$8 billion in savings in the \$291 billion Pentagon budget for fiscal year 1993, which Congress will start considering next month.

The administration is debating whether such savings should be applied toward a tax cut, to deficit reduction or to increased spending on domestic programs, or some combination, all of which would require congressional approval.

But the effect of the decision, first reported in the Los Angeles Times, could be much greater over the longer term because there would not be an automatic move from design to production of future generations of weapons still on the drawing board, or in the imagination of engineers.

"If this comes out as advertised, it would be a revolutionary change in the Pentagon acquisition system," said Gordon Adams, director of the Defense Budget Project, a research organization in Washington that has long advocated cutting Pentagon spending.

The Pentagon plan also appears intended to head off congressional efforts to cut deeper and faster into the Pentagon budget by showing that the administration is acting itself. Other Pentagon initiatives disclosed in recent days, including a plan to sharply reduce or eliminate long-range missiles with more than one warhead, were partly driven by the same consideration.

Suspending weapons production would have the added benefit of giving Defense Secretary Dick Cheney a broad rationale for curtailing or ending production of a number of new weapons that had already hoped to jetison, including the M-1 tank, the Apache helicopter and the F-14 and F-15 fighter planes. Congress has resisted many of these cuts in protect defense industries in home districts.

Pentagon weapons-buyers have historically been driven to engineer and build advanced weaponry as fast as possible to counter parallel advances in the Soviet military. The end of the Cold War now gives weapons designers more warning to prepare for a new threat.

Under the Pentagon's plan, which has received tentative White House approval, the Defense Department would still contract with military companies to engineer and build weapons and equipment.

But instead of following the usual course of building a number of the new weapons after development and testing of the prototype, the Pentagon would suspend production until the weapon was needed and was affordable. Ideally, the See ARMS, Page 4

Spent-Out U.S. Consumer: Big Engine That Can't

By Tom Redburn International Herald Tribune Donald Trump was spotted a few months ago discount-shopping at K Mart.

Not many people are going to feel sorry for Mr. Trump, but for all his garish excesses, the once-a-billionaire, now practically bankrupt, real estate tycoon is an apt symbol for some profound economic changes occurring in the United States. The fortunes of the global economy will be altered as well. What has happened is clear: Americans, after a decade in which their debt-driven conspicuous consumption was key to world economic growth, have abruptly run out of gas.

Here's how Lester C. Thurow, one of the nation's leading liberal economists and dean of MIT's Sloan School of Management, puts it: "The era in which the U.S. acted as the preeminent economic locomotive for the rest of the world, and as the global financial manager, is over."

But it certainly complicates the task facing top economic officials of the Group of Seven leading industrial nations, who will meet Saturday in New York to try to bolster world economic growth. Most analysts think they will find it all but impossible to measure up to the task.

"The G-7 can't rely simply on easy things like currency changes any more," said Jeffrey Garten, an investment banker at Blackstone Group in New York and a former White House official. "With no one source sufficient to jump-start the world economy, everybody is going to start pointing the finger at everybody else."

The tensions are not likely to disappear. "Everybody got so reliant on the U.S. economy as the engine of growth," said Robert A. Johnson, a currency manager at Bankers Trust Co. and former congressional banking expert. "There will be lots of fits and starts over many years as Japan, Europe and the export-oriented Asian countries are forced to switch gears."

It is not just the comparatively mild 1990-91 recession that's to blame. During previous U.S. downturns, real spending by consumers rarely fell at all. But even though unemployment did not rise above 7 percent, last year's estimated 2.5 percent drop in real spending was a record.

Rumors that the Federal Reserve was preparing to intervene against the dollar swept jittery currency markets, pushing the U.S. currency down sharply on the eve of the Group of Seven meeting.

There has been persistent market speculation that the seven industrial powers will call for a higher yen or at least express satisfaction with currency levels, implicitly blessing the dollar's retreat of the last few days. (Page 10)

30-Year Terms in Salvador Killings

SAN SALVADOR (Reuters) — Two army officers convicted in the 1989 murders of six Jesuit priests were sentenced Friday to 30-year prison terms.

Sentences for Colonel Guillermo Alfredo Benavides and Lieutenant Yussily René Mendoza were pronounced hours after the legislature passed an amnesty law clearing the way for the investigation of any war crime committed by either side during 12 years of civil war.

Libya Denies Link to U.S. Goods

NICOSIA (Reuters) — Libya on Friday denied a link to a consignment of U.S.-made equipment with possible nuclear applications that was seized by Germany, and said the story was fabricated by Western intelligence agencies. Germany said Wednesday the consignment was intercepted at Frankfurt airport last month.

Rumors Undermine Dollar

Rumors that the Federal Reserve was preparing to intervene against the dollar swept jittery currency markets, pushing the U.S. currency down sharply on the eve of the Group of Seven meeting.

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Drug-Resistant Strains of Tuberculosis Are 'Out of Control,' U.S. Says

ATLANTA — Particularly dangerous forms of tuberculosis have struck in 13 states, and the spread of the disease is out of control, according to federal health officials. Strains of the bacterium that are resistant to the standard anti-tuberculosis drugs have caused deadly outbreaks in five states and at least one case each in eight other states. The more common form of the infection that responds to drug treatment also is spreading rapidly in many states.

"At no time in recent history has tuberculosis been of such great concern as it is now, and legitimately so, because tuberculosis is out of control in this country," said Dr. Dixie Snider, the disease centers' top expert on tuberculosis. While the experts said there was no cause to panic, Dr. William L. Roper, the head of the centers, called reports of the disease's spread "very sobering."

Russia Sets Deep Cuts On Weapons

MOSCOW — The Russian parliament approved an austere budget Friday that slashes arms purchases to less than one-seventh of last year's level, according to Deputy Prime Minister Yegor Gaidar.

President Boris N. Yeltsin's budget for the first quarter of this year, approved by parliament with few changes after only one day of debate, appeared to decisively end an era of Soviet power during which the military-industrial complex routinely accounted for the lion's share of government spending.

Mr. Gaidar, Mr. Yeltsin's chief economic adviser, said the government would purchase little more than spare parts to keep some existing military equipment operating. "We believe that in the nearest future the state will no longer have money for armaments," he said in a newspaper interview. General Dmitri Volkogonov, an adviser to Mr. Yeltsin on military affairs, said: "Arms purchases will be cut dramatically. Many military enterprises will have to shut down, or will be using an insignificant part of their capacity."

A New School of Islam Puts Down Hopeful Roots in Old European Soil

ST. LEGER-DE-FOUGERET, France — In a rambling chateau on a misty wooded hillside in deepest Burgundy, a dozen or so young men have enrolled in an ambitious experiment aimed at eliminating one of the principal causes of social tension in Europe today.

The premise is that they, and millions of other immigrants, are viewed with hostility and even fear mainly because they are Muslims. The proposed solution is to create a European form of Islam that can coexist comfortably with Western societies shaped by Christian traditions.

"We're of course working over a long period," said Zuhair Mahmood, the Iraq-born director of a new religious studies center that opened this month 275 kilometers (170 miles) southeast of Paris. "But in 20 or 30 years I think Muslims will be as accepted in Europe as Jews are today."

Table with financial data: Dow Jones 1,592, S&P 500 1,235.55, Nikkei 12,355, Yen 123.55, Gold 542.85.

Young, Elite and on the Rise
China's Aged Leaders Entrust Offspring

By Lena H. Sun
Washington Post Service

BEIJING — Deng Xiaoping is a physicist by training, but if a complete rewrite has been made public it would show that he also has helped woo Taiwanese business executives to invest on the mainland and has advised her father on politics.

Her father is Deng Xiaoping, the senior leader and the most powerful man in China. In a country where politics has always been a family affair, the younger Deng's roles are nothing out of the ordinary. In fact, she is among a group of sons and daughters of revolutionaries that is showing a higher political profile as China moves into the 1990s.

But, analysts said, many of them have a more pragmatic, less ideological view of the world than their parents as a result of being persecuted during the Cultural Revolution of 1966-1976 and becoming beneficiaries of the sweeping changes of the 1980s. If they rise to positions of power, they are likely to support economic and political change more readily than the current regime, the analysts said.

Nevertheless, because the privileges of the princelings come from their elite status within the Communist Party, they are likely to support continued dominance of the party and the current communist structure. "They must completely rely on the party structure," said a Chinese intellectual. "In politics, it would not be in their interest to have major changes."

Some members of this elite generation are expected to be promoted, perhaps to the party's Central Committee during a party congress late this year. As in ancient China, when the fortunes of a family rose or fell depending on the position of the sovereign, many of these "sons and daughters of the revolution" were persecuted during the disastrous Cultural Revolution for the so-called crimes of their fathers. One such example appears to be Chen Yuan, the banker son of China's leading conservative economist, Chen Yun, who is 85.

Deng Said to Reassure Hong Kong

HONG KONG — Deng Xiaoping, China's senior leader, reportedly has renewed a pledge to allow Hong Kong to maintain its capitalist system for 50 years after Beijing's takeover in 1997, and doubled the period to 100 years in a radio broadcast.

The father's views "color what we hear" in meetings with the younger Chen, said a Western business executive who has met him several times. "But we don't see any of that coming back at all," he said. "If anything, the father's views are pushing many of the open-door policies in the southern cities of Xiamen and Fuzhou in Fujian Province. Our path is a socialist one," he said, "but a lot needs to be perfected. We need continuous experimentation, continuous reform."

Mr. Deng, 87, has been visiting the special economic zones in adjoining Guangdong Province. The free-enterprise zones were set up in the 1980s as part of a modernization program emphasizing economic change. Mr. Deng, 87, has been visiting the special economic zones in adjoining Guangdong Province. The free-enterprise zones were set up in the 1980s as part of a modernization program emphasizing economic change.

The party must acknowledge that "the past ideology has very little appeal to a certain number of masses, and the reinforcement of the old ideology can only lead to resistance," the essay said. This faction holds that the party must avoid the old "revolutionary" methods of class struggle. China can over again launch another economic decade, like the Great Leap Forward of the 1950s, or another Cultural Revolution, it says.

North Korean Passes Foreign Policy Reins to Son

By Don Oberdorfer
Washington Post Service

WASHINGTON — Senior North Korean officials have told U.S. authorities that Kim Jong Il, the 49-year-old son of President Kim Il Sung, has assumed direction of his country's foreign policy.

The delegation that met the Americans in New York was headed by Kim Yong Sun, a senior Communist Party official who is considered close to the younger Kim. The North Korean delegation told the Americans that Pyongyang will sign an agreement by the end of this month for inspection of North Korea's nuclear facilities by the International Atomic Energy Agency and will ratify and carry it out "as soon as possible," a U.S. official said.



BRIDGING FENCES — A Haitian talking to fellow refugees in a neighboring camp at the U.S. naval base at Guantanamo Bay in Cuba. About 6,000 Haitians, who fled their country after the military coup in September, are living in makeshift camps on the base.

Rebuff on Rail Pact Infuriates Japanese

New York Times Service

TOKYO — Officials and businessmen here reacted with indignation and puzzlement Friday to reports that Los Angeles had canceled a contract for a Japanese company to provide it with railroad cars and that there was opposition in the United States to plans for Seattle interests to acquire the Seattle Mariners baseball team.

Mr. Yamachi insisted that the company should not be criticized for making a takeover attempt because it was approached first by political leaders in the United States. "This is entirely different from an acquisition of an American corporation by a Japanese corporation," he said.

News reports have focused all week on American anger over a comment by a leader of the Japanese parliament that American workers are lazy and illiterate. There has also been considerable publicity over the rejection by Los Angeles of a previously awarded bid to a subsidiary of the Sumitomo Corp. for the construction of rail cars.

Japanese officials have been careful not to denounce the county of Los Angeles by name, but some warn that the cancellation of the contract could have damaging repercussions for the American drive to get construction contracts for U.S. companies in Japan. "This new Japan-bashing is very unfortunate," said a senior economic policymaker.

Any backlash in Japan will make it more difficult to make progress in our own government procurement procedures. He was referring to U.S.-Japan pacts in recent years permitting U.S. construction companies to bid on dozens of construction projects, many of them airports and other projects put up by local governments or authorities.

Under recent agreements, American companies were invited to bid on 14 projects in 1988 and 17 new projects last year. Six more are under review. Japanese officials said they thought there was no legal redress for Japan to file suit over the cancellation of the rail contract.

— STEVEN R. WEISMAN

El Salvador Approves Rules for Amnesties

By Marjorie Miller
Los Angeles Times Service

SAN SALVADOR — The legislature in El Salvador approved an amnesty law Friday that allows guerrillas to return to civilian life and gives an impartial commission freedom to investigate any war crime committed by either side during 12 years of civil war.

The law goes into effect on Feb. 1, when a cease-fire begins and rebel leaders may return to legal political activity. The amnesty also excludes those whom the commission determines have committed "serious acts of violence since Jan. 1, 1980, whose impact on society urgently requires public knowledge of the truth."

Six months after the commission has publicized its findings, however, the assembly may take further measures "that it deems convenient" regarding such cases. A commission made up of rebel and government and political party representatives worked out the law in Mexico City hours before returning to El Salvador.

The legislature passed it unanimously after an emotional debate with prayers and words of homage paid to those killed in the war. The governing Nationalist Republican Alliance had sought a blanket amnesty that would have immediately pardoned all war criminals, including the officers convicted in the 1989 killing of the Jesuits, a maid and her daughter of the Central American University.

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INTERNATIONAL TRIBUNE

Helping the Republics

Much More Is Needed

The emergency food and medicine that 47 of the world's wealthiest nations have now promised to send to the former Soviet Union amount to a pittance. But the gesture is important. The citizens of the republics, terrified by the collapse of their economies, have at least been told that the West is in their corner.

Useful Holding Action

President George Bush's offer of \$645 million in new aid for the former Soviet republics over the next two years definitely improves his standing to encourage others to help out. Just as he swallows some of his misgivings about a domestic backlash to largesse, however, anxieties multiply about the wisdom of the reform course that Boris Yeltsin is following on his own.

They Panicked in L.A.

In December, the Los Angeles County transportation commission voted 7 to 4 to lodge a \$122 million contract for new rail cars with Sumitomo Corp. of America. Sumitomo is Japanese-owned, and its selection — over a lower-bidding American rival — grounds it had the superior product — produced a large and somewhat ugly protest.

Other Comment

An Infamous Anniversary

Fifty years ago this week, in an elegant room of a comfortable villa in the Berlin suburb of Wannsee, a small group of bureaucrats gathered to discuss the mechanics of murdering Europe's 11 million Jews.

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OPINION

By Stirring Up Iraqis, Bush Can Only Lose

By Leslie H. Gelb

NEW YORK — President George Bush could be trapping himself into a lose-lose strategy of overthrowing Saddam Hussein in much the same way he cornered himself with the "jobs, jobs, jobs" strategy on his trip to Japan.

His answer to that: "Not very damn many." Given those statements, it is hard to imagine Mr. Bush justifying U.S. military intervention. Might he be prepared to do so, nonetheless, because he thinks Saddam's survival damages his re-electability? There is no evidence that Saddam is now on the public's radar screen or that Democrats are tempted to make him an issue.

A Key Test for Bush and His Would-Be Successors

By David S. Broder

WASHINGTON — The coming week provides a test of seriousness for President George Bush and his Democratic opponents. The way they respond will tell us much about where leadership may be found in this American election year.



Malcolm Cowley

A Year Later, a Failure of American Willingness

By William Pfaff

PARIS — It is a military axiom that moral domination of the enemy is more important than material superiority. "There is a soul to an army as well as to the individual man," General William Tecumseh Sherman wrote in his memoirs.

The Japanese Critic Was Half-Right

By A. M. Rosenthal

NEW YORK — The Japanese — some of them are beginning to get under American skin. I am thinking now of that politician who said that American workers are lazy and that a third of them could not read.

Old Fears Hobble the New Europe

By Flora Lewis

PARIS — While the focus is on the East, Western Europe has entered what might be called a period of national psychic troubles. It may be a concluding shudder before the plunge into the coming European union, it may be a contagion as Cold War assumptions give way to myriad uncertainties.

Most attention is paid to Germany, because of its terrifying Nazi past and because of its new power.

But the rise of the extreme right is more marked in France, and the National Front leader, Jean-Marie Le Pen, is emerging as an international symbol of resentful discontent.

Prime Minister Edith Cresson has launched a suit against him on behalf of the government for having collectively insulted it as a collection of thieves, rascals and gangsters.

Despite the ease of travel and instant communications, there are still almost closed compartments of information and opinion that are misread outside and provoke hostile reaction.

Germany's insistence on recognizing Croatia without a settlement of the Yugoslav war was an example. It was taken elsewhere as a sign of Germany's new power assertiveness.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Tunnel 'Threat'

PARIS — Sir Edward Watkin, who never will acknowledge himself beaten, has given notice of his intention to make another attempt to induce Parliament to sanction the building of a tunnel under the Channel.

1917: French Censors

PARIS — The French Premier, M. Briand, stated that absolute freedom of the press was impossible. The object of the censorship was to prevent the publication of anything likely to harm the military or the navy or to disturb the public mind.

1942: Australia's Fears

MELBOURNE — [From our New York edition:] Australia, whose sons have been sent to fight in Malaysia, Libya and England, made a second urgent appeal to London and Washington today (Jan. 24) for planes and ships and began mobilizing all able-bodied men for the possibility of "the Battle of Australia" by fighting right on our beaches.

AMEX

Friday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Multiple columns of stock market data including AMEX, NYSE, and NASDAQ listings with columns for High, Low, and Change.

Treuhandanstalt advertisement for furniture and wood products. Includes map of Germany, company list with addresses and employee counts, and contact information for Price Waterhouse.

Vertical text on the right edge of the page, possibly a page number or reference.

ASIA/PACIFIC

Australia Asks, What Makes Kerry Sell?

Compiled by Our Staff From Dispatches
SYDNEY — Kerry Packer's plan to sell stock worth more than \$800 million in two of his companies has triggered intense speculation about the intentions of Australia's richest man.

Australia Dollar Falls

Compiled by Our Staff From Dispatches
SYDNEY — Australia's central bank bought large amounts of Australian dollars and treasury bonds Friday to stem a plunge in the local currency spurred by Asian investors' nervousness about government policy.

accounts for the year to June 30, 1991, are issued. A report in Friday's Sydney Morning Herald newspaper said 1990-91 was out of a good year for Mr. Packer as the lost money on some property and share deals.

Sliding Tokyo Market Brings Broker Mergers

Bloomberg Business News
TOKYO — Three mergers involving Japanese securities houses were announced this week and more are expected among small and medium-sized firms that are smarting from the prolonged decline in Tokyo stock prices.

Investor's Asia
Hong Kong Hang Seng 4636
Singapore Straits Times 1600
Tokyo Nikkei 225 7750
Exchange Index
Friday Close
Hong Kong Hang Seng 4,600.06 4,625.84 -0.56

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.
Canada
Alcan Aluminum
1991 Revenue 1,200.00
1992 Revenue 1,240.00

ColFed
1991 Revenue 1,200.00
1992 Revenue 1,240.00

Union Pacific
1991 Revenue 1,200.00
1992 Revenue 1,240.00

France Boosts Taiwan Ties

Agence France-Press
TAIPEI — A French trade official said Friday his country has agreed to establish an air link and more formal trade ties with Taiwan despite the fact that France recognizes Beijing diplomatically.

Very briefly:

- Nii Onose, the Osaka-based restaurateur and speculator, pleaded guilty to defrauding financial institutions of 260 billion yen (\$2.16 billion).
- Seiko Epson Corp. is forming a venture with Digital Equipment Corp. to develop personal computers and work stations for the Japanese market.

IBM Japan Reduces Executive Pay

Reuters
TOKYO — Japan's leading computer firm, IBM Japan Ltd., is cutting senior executives' pay and freezing salaries of around 300 managers, a spokesman said on Friday.

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FIRST COLUMN

Avoiding Currency Tempests

THE story runs this way: A Famous Writer got drunk, and then got mad, very mad, at a literary party. He became so cross, in fact, that he was reduced to throwing wild punches in response to the clever banes directed at him. As the Famous Writer was restraining and unceremoniously dumped outside the door his antagonist is supposed to have remarked: "Poor fellow. As usual, words failed him."

HERE is a good side and a bad side to this speculation on the adequacy of numbers. The bad aspect is that the fortunes of whole countries are subject to these vast, virtually uncontrollable market forces. Central banks may be referred to as market policemen, but they can offer no more than guidance and unenforceable threats.

The good side is that even though the market is huge and almost unstoppable, the individual is far from powerless. You may not be able to prevent rain, but you can always wear a waterproof coat.

M.B.

Commodities at Lows, But Buyers Beware

By Conrad de Aenlle

IF the stock and bond markets seem pricey after their latest theatrics, consider coffee. The price of coffee is at a 16-year low, trading about 75 percent below its 1977 peak.

Sugar goes for 9 cents a pound, or about 20 cents a kilogram. It hit 66 cents a pound 18 years ago. Soybeans, like coffee, are near their lowest prices in almost two decades, and bellies are selling for half of what they fetched a little more than a year ago.

These commodities are so depressed—in some cases they sell for less than the costs of producing them—that they offer low-risk,

'For most of the markets, I would rather be looking for places to sell them rather than buy them.'

James Nevler at the Commodity Research Bureau.

potentially high-profit buying opportunities for those nimble enough to navigate the treacherous futures markets, some analysts say.

The reason coffee is selling so cheaply is simple: "Inventories are bumsongous," said James Nevler, an analyst at the Commodity Research Bureau in New York.

Estimates are that 7 million bags of coffee, each weighing 60 kilograms, or 132 pounds, are sitting in storage in the United States.

Excess supply also is a culprit in the bear market in sugar, cocoa and pork bellies, the part of the pig that bacon comes from.

The seeds of today's coffee glut were sown, literally, in the 1970s after a freeze destroyed much of Brazil's crop, he explained. The price of coffee had been below 50 cents a pound in 1975, leaped to more than \$3.30. That was high enough to put a lot of people in the coffee business, in Brazil and all over the world.

The price spike that coffee made in the 70s shows how rewarding—and costly—futures trading can be. Coffee is traded in lots of 37,500 pounds on the New York Coffee, Sugar and Cocoa Exchange.

A speculator smart enough, or lucky enough to have bought a coffee contract at the 1975 low and sold it at the top would have put up around \$2,000 and turned a profit of close to \$110,000.

One market in which demand has been strong and supply limited is wheat. Prices are up more than 40 percent since July, for an increase of more than \$6,000 for a 5,000-bushel contract.

"Wheat prices are primarily higher because of the tightest supplies in over a decade," said Dick Gady, vice president for public affairs and economic research at Con-Agra Inc., the large U.S. food company.

Cocoa futures, like wheat, have surged since the summer, from \$1,245 a metric ton from \$860.

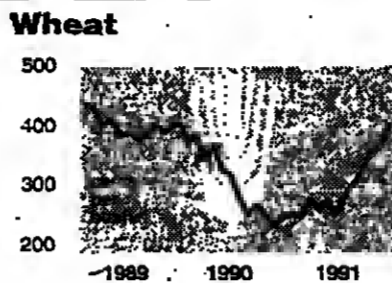
State of the Union address on Jan. 28 would be crucial in determining the future direction of the greenback.

He also pointed out that the three biggest economic powers—Japan, the United States and Germany—all had an interest in a weak dollar. For the United States, it would help stimulate growth, while Japan and Germany would find a weaker dollar disinflationary.

Units are priced using the American-style net asset value, from which an initial charge of 6 percent is deducted; a charge of 15 percent is levied annually. During the launch period, which ends Feb. 7, a discount of 1 percentage point is available to investors committing funds via a financial adviser.

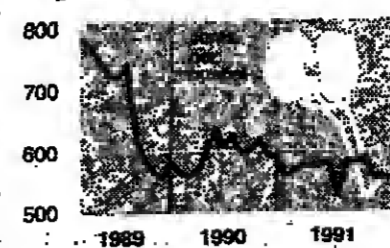
Key Commodities

Prices of commonly traded commodity futures contracts, in cents though January 10, 1992



Source: Commodity Research Bureau

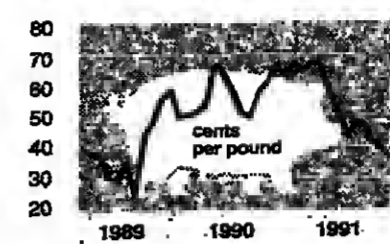
Soybeans



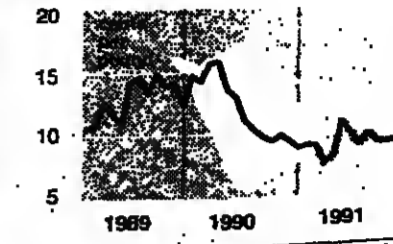
Coffee



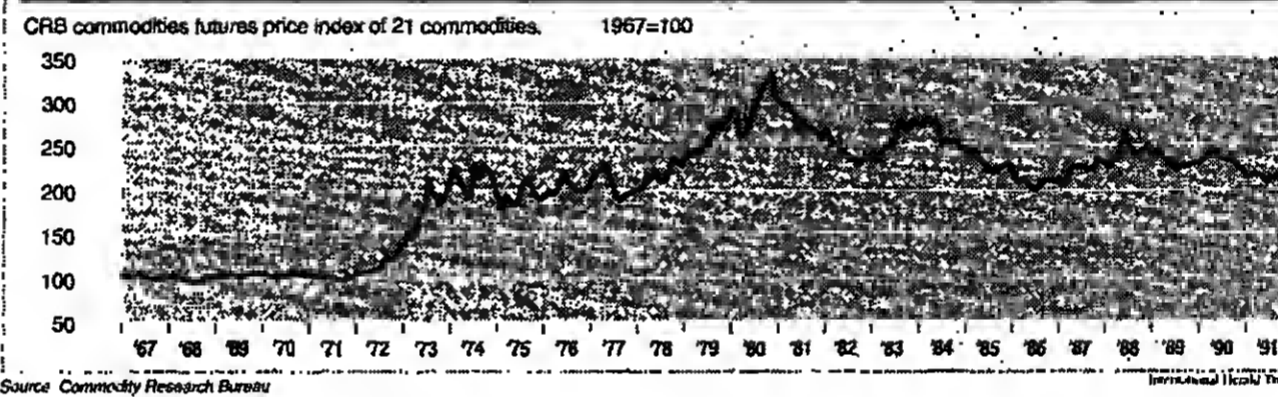
Pork Bellies



Sugar



Raw Materials Prices: Bumping Along the Bottom



Source: Commodity Research Bureau

Grenfell Aims at Smaller Japanese Companies

By Martin Baker

MORGAN Grenfell Investment Funds Ltd., part of the mutual fund management division of Deutsche Bank AG, is offering international investors a new mutual fund committed to the Japanese market.

The company's Japan Bull fund will be able to invest in all Japanese shares other than the biggest 20 percent of Japanese companies—in other words, stocks with a market capitalization of up to \$1.8 billion.

Morgan Grenfell is seeking to reproduce for international investors the performance of its existing British-based mutual fund that invests in smaller Japanese company stocks. That fund, managed by the same team that will oversee the Bull fund, has been among the best performing mutual funds over the last five years, according to the statistical monitoring firm Micropal.

First, he says that the troubled Japanese

stock market has finally hit the bottom, with the Nikkei average consistently bouncing back from any fall below the 22,000 level. The counter arguments to this view are strong: Tokyo closed Thursday well below this figure, then finished the week on a sour note as the Nikkei Dow index lost more than 500 points, falling to 21,072.15.

But the second argument is that the performance of the general market is not relevant to the performance of the fund, which will invest in stocks of smaller companies specifically researched (and usually visited by) the investment management team.

One undoubtedly influential external force on the fund will be the performance of the yen: "We are fully exposed to the yen, and our currency analysis expects it to be the strongest major currency over the next 18 months," he says.

But arguments for the yen against the dollar—obviously the key rate for dollar-based investors—are less clear cut, according to other commentators.

State of the Union address on Jan. 28 would be crucial in determining the future direction of the greenback.

He also pointed out that the three biggest economic powers—Japan, the United States and Germany—all had an interest in a weak dollar.

Investors who like the currency outlook and performance track record of the managers will be pleased to know that the Bull fund is based in the tax-advantaged location of Dublin.

Units are priced using the American-style net asset value, from which an initial charge of 6 percent is deducted; a charge of 15 percent is levied annually.

Readers are reminded that although mutual fund companies almost invariably deny that they are prepared to negotiate on fees, the bigger investor will often in practice be able to obtain a discount.

Details: Morgan Grenfell, 20 Finsbury Circus, London EC2M 1UT.

BRIEF CASE

Nasdaq's London Opening Stirs Few Stock Traders

The overnight trading session of U.S. over-the-counter stocks, aimed at worldwide but mostly European traders, went off more with a whimper than a bang last week as just 106,800 shares worth \$5.8 million changed hands, according to the National Association of Securities Dealers Automated quotation system.

Lytton Jones, managing director of Nasdaq International in London, said Monday's session went according to expectation despite the small turnover, and that business should pick up after more market makers come on the system.

Trading should get a boost, also, when New York Stock Exchange issues begin to be dealt. For now, trading is only available on 1,450 Nasdaq stocks, although just 29 were traded Monday, big names like Microsoft, Amgen and Intel.

"We anticipated that the volumes would be fairly low," Mr. Jones said, "but given that we haven't got all our market makers

running, and given that no one is yet making a price in New York Stock Exchange stocks, we did marginally better than expected."

British Unit Trusts Offer Share Dealing by Telephone

A program offered by nine British unit trust managers allows diversification-minded shareholders in BT PLC and, in some cases, other privatized companies to phone in and convert their holdings into unit trust shares.

The Unit Trust Association, the industry's trade group, says that the Telephone Exchange program, whose opening coincides with the second round of the massive BT privatization, is a cheaper way for small shareholders to diversify than that offered at government-approved share shops, which allow investors to sell their recently received BT vouchers and buy stakes in one or two other British companies.

Based on the price of the partially paid BT shares on their first day of trading last month, the cost to sell 400 shares and buy shares of two other companies would run between £29.85 and £43.50, or about \$52 to \$76. The cost of buying unit trust shares, with their up-front sales loads of 5 to 6 percent, would be £25.10 to £30.12 using the Telephone Exchange service.

The program runs until March 9, and some, but not all, of the unit trusts will allow shares from privatizations other than BT to be converted. The association urges, however, that before any transactions are made, investors should consult the fund companies or a financial adviser to make better-informed decisions, especially regarding costs.

The Telephone Exchange line is open 24 hours a day, seven days a week. The number is 0483 461010; outside Britain, dial 44 instead of the first 0.

Spain Launches Derivatives Based on New Stock Index

Trade has begun on futures and options on a new index of Spanish stocks—the Ibes-35. The index comprises the country's 35 biggest issues in terms of capitalization. Together they make up 90 percent of the value of the Spanish market and include such companies as Telefonos, Endesa, Repsol, Banco Central Hispanoamericano and Banco Bilbao Vizcaya.

The Barcelona daily La Vanguardia said trading totaled 1.6 billion pesetas, or roughly \$16 million, on the first day as 5,865 contracts changed hands. Estimates are that by year-end 30,000 futures and options contracts will trade each day, with an underlying value exceeding that of the equity market.

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NYSE Friday's Closing. Table including the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Lists various stocks with their closing prices and changes.

SPORTS

Near End of Countdown, Super Bowl Defenses on Defensive

Redskins Remain Calm Before the No-Huddle Storm

By Richard Justice

MINNEAPOLIS — Andre Collins doesn't know what it will feel like once the Super Bowl starts. He doesn't know how fast the Buffalo Bills will come to the line of scrimmage or how much time the Washington Redskins will have to change defensive coverages, make substitutions or catch their breaths against a no-huddle offense.

team, a team in its second straight Super Bowl, and despite the outbursts from Thurman Thomas and Bruce Smith this week, knows it belongs here.

But nothing worries the Redskins as much as a fast-break offense that can sweep defenses off the field. The Redskins have survived defensively this season by substituting in waves, changing coverages on almost every play and turning games into chess matches. That is what they will try to do against the Bills.

Edgy Bills Still Appear Distracted by 'No-Respect' Factor

By Timothy W. Smith

MINNEAPOLIS — Bruce Smith is angry that the Washington Redskins don't respect the Buffalo Bills' defense. Thurman Thomas, the consensus selection for most-valuable player this season, doesn't believe he gets enough respect or recognition and has resigned himself that he "will have to live with the title of best all-around back."

Then Smith, a defensive end, explained why he seemed agitated at Thursday's press conference. "I truly believe the Washington Redskins do not respect our defense," he said. Shortly after the American Football Conference and National Football Conference championship games, Washington defensive end Charles Mann said on television that he thought the game would be high-scoring. Most Bills saw the remark as a slap against the Buffalo defense.

1,500 Sportswriters Couldn't Be Wrong: It's a New Story

By Joel Achenbach

WASHINGTON — This is about sports and this is about men. It is about the men who play the sports and wish they could crush the skulls of the men who write about sports. It is about long sentences that have no commas and evoke a lime when betros covered with mud and grime did battle on fields of glory for no reward but pride. Also, short sentences.

It means teasing a lone stray hair into an entire bouffant. Like there was that time quarterback Jim McMahon supposedly said the women of New Orleans were sluts.

and maybe meaner. He's not a sports guy who just happens to be a journalist, he's a journalist who just happens to cover sports. He refuses to root shamelessly in print for the home squad.

There's an ARGUMENT that the primacy of television has robbed sportswriting of its importance, not to mention a number of star writers, and moreover, that athletes are so egomaniacal that they've all but stopped giving interviews to print reporters.

— ran for 19 yards, slaloming through the secondary like a skier through virgin powder. You also have to get quotes after the game. That's new, relatively speaking. Bob Oates, who has been covering sports for the Los Angeles Times for 32 years says the locker room to talk to the athletes. "They almost never have anything to say," Oates says. "They seldom know what happened."

The Super Bowl on TV

The Super Bowl will be broadcast live or delayed on television or radio on Jan. 26 (Jan. 27 in Asia) in the following countries. Kickoff is 2318 GMT Sunday. Check local listings for details.

- AUSTRIA: UFA Premiere
BELGIUM: Canal Plus
BRITAIN: Sky Sports/Channel 4
CZECHOSLOVAKIA: CST Prague (Delayed)
FINLAND: TV3
FRANCE: Canal Plus
GERMANY: Premiere/Galaxy Frankfurt/Hamburg Silver Eagles
HUNGARY: MTV
ITALY: Telesiu 2
LUXEMBOURG: Canal Plus
POLAND: TVP (Delayed)
SCANDINAVIA: Scansat
SPAIN: TV3
SWITZERLAND: UFA Premiere

- AUSTRALIA: ABC
HONG KONG: TVB
JAPAN: NHK/NTV/Sunimoto Cable
MALAYSIA: Adc
NEW ZEALAND: Sky Network
PHILIPPINES: Sky Vision
SINGAPORE: SBC
THAIWAI: CTS
THAILAND: Intersat/Inter Cable
THE FAR EAST Network will broadcast the game live in Japan and the Philippines, but only on U.S. military bases. In Japan, FEN broadcasts are on closed circuit at these bases, and cannot be seen outside them. In Manila, most hotels could pick up the FEN channel in the past, but this is no longer possible since Clark Air Base was closed in November.

BOOKS

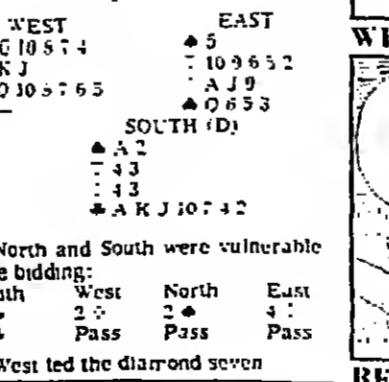
SHAKESPEARE'S LIVES: New Edition
By Samuel Schoenbaum. 612 pages. \$35. Oxford University Press Inc., 200 Madison Avenue, New York, N.Y. 10016.

Now revised and updated, it is a marvelous, objective history of the legends that, in the author's words, "surround like a nimbus the blurred outlines of the Bard." It is all here, from the first full-scale biography by Nicholas Rowe in 1709, through myriads of later books and papers to the most recent. The search for the real Shakespeare has become a vast ongoing industry rivaling even the search for the historical Jesus.

What is not known is enormous. Was Shakespeare a Roman Catholic, an Anglican, or an unchurched theist or atheist? Critics have stoutly defended each possibility in writings that Schoenbaum skillfully summarizes.

BRIDGE

THE diagramed deal helped Alvin Roth and Tobias Stone to their first triumph in the National Open Pair Championship in Syracuse, New York half a century ago. Roth is still creative, as his latest book shows. It is "Picture Bidding," available in hard-cover for \$24.95 (U.S. postage included) from "Bridge Today," 18 Village View Bluff, Ballston Lake, New York 12019. Roth builds on his original philosophy, and offers many ways to make sensible use of bids that have little value in standard methods. These can be used by any player whether or not the total package is adopted.



PEANUTS

I CAN'T BELIEVE IT! IT'S MORNING, AND I'M STILL ALIVE!
(MY STOMACHACHE IS GONE AND MY EARS DON'T HURT...)
IT'S DAYTIME AND ALL MY TROUBLES ARE OVER...

BEEBLE BAILEY

THERE'S THE FIRST PITCH!
HEY! THE GAME HAS STARTED!
SO...WHO ARE WE ROOTING FOR?

CALVIN AND HOBBES

GALOSH GALOSH GALOSH

WIZARD OF ID

WHAT DID THE PITCHER SAY?
HE SAID IF I'D CLEAN UP MY ACT I WOULD FEEL 15 YEARS YOUNGER.
WELL?
I TOLD HIM I WAS OUT OF SHAPE THEN, TOO.

REX MORGAN

AUNTIE SURE HAS ENOUGH SAVINGS ACCOUNTS. I WONDER...
...AFTER ALL... I AM HER NIECE.
...WOW! I KNOW SHE HAD MONEY, BUT THIS...

GARFIELD

DID YOU KNOW THAT PETS ARE GOOD FOR EXERCISE?
BURP

DOONESBURY

DOONESBURY comic strip panels.

DENNIS THE MENACE

DENNIS THE MENACE comic strip panels.

JUMBLE

JUMBLE word game with a grid and clues.

BLONDIE

BLONDIE comic strip panels.

ONE TIME

ONE TIME comic strip panels.

SPORTS

For New Zealand and Italy, America's Cup Trials Are a Test of Design Strategy

By Angus Phillips
Washington Post Service
SAN DIEGO — One beauty of the America's Cup is that the rules allow competing boats to be very different.

former U.S. world Starboat champion Paul Cayard.
Otherwise, one could not find more varied solutions to the same problem.

on if the light breezes and big sea swells in the Pacific off San Diego favor a heavy, powerful boat that can plow through waves or a lightly powered skimmer that can go over them.

The fact the two camps came up with opposite answers speaks volumes about the uncertainties of America's Cup racing.

San Diego dictate big, powerful boats to blast through the ocean chop. So what is New Zealand up to?

Farr is in charge. "This is Farr's project, or his and Russell Bowler's," said New Zealand's general manager, Peter Blake, referring to Farr's partner.

match, certain questions can only be answered once the contestants get in the ring.

Vincent Hurls a Curve on Bid

Owners Unlikely to Back Offer for Mariners, He Says

By Timothy Egan
New York Times Service
SEATTLE — The bid by a Japanese-led group to buy the Seattle Mariners for \$100 million, unveiled with a flourish of optimism and backed by the Northwest's most powerful political and business leaders, has drawn a terse and negative response from Fay Vincent, the commissioner of baseball.

healthy segment of the local economy in the Pacific Northwest.
[Major league baseball's ownership committee, made up of eight team owners and the presidents of the American and National leagues, was to discuss the offer Friday by conference call, The Associated Press reported.

league baseball's exemption from antitrust laws if they were all owned by the Mariners to pull out of Seattle.
Gorton, who initiated the deal when he approached the owners of the video-game maker Nintendo Co. in December, said it was hypocritical for baseball to allow Canadian owners but not Japanese owners.

Stefan Edberg fended off two set points, then cruised to victory.



Stefan Edberg fended off two set points, then cruised to victory.

Cool Edberg Eases Into Final As Courier Wins by Default

MELBOURNE — Stefan Edberg gave a lesson Friday in playing under pressure to an opponent who finally fell prey to center-court stress.



Wayne Ferreira was discouraged as he wilted against Edberg.

Edberg, the top seed and two-time champion, advanced to Sunday's final of the Australian Open by beating Wayne Ferreira 7-6 (7-5), 6-2, 6-2 after Ferreira squandered two set points and wilted.

chance of a lifetime to play the semifinals in a Grand Slam. I don't know if this will ever happen again, I hope it will. It's the worst possible way to go out.

Courier, who last played on Wednesday in the quarterfinals, hoped to offset the lopsided gap by practicing hard Friday, ironically against Krajicek's doubles partner, Jan Stepanek.

SIDELINES

College Football Bowl Alliance Is Set

MIAMI (AP) — The final lineup for a college football bowl alliance, bringing together the Orange, Sugar, Cotton and Fiesta Bowls with eight of the top conferences, has been set, making a first step toward a possible national championship game.

Weather Freezes Out British Soccer

LONDON (AP) — The fourth round Football Association cup game between Bristol Rovers and Liverpool was one of ten Saturday's scheduled English soccer games called off Friday because of frozen fields.

Crash Kills Notre Dame Swimmers

SOUTH BEND, Indiana (AP) — A bus carrying the Notre Dame women's swim team crashed early Friday just miles from campus in a blinding snowstorm. Two members of the team were killed and 34 people were injured.

For the Record

Quarterback Rick Mirer said Friday that he would return to Notre Dame for his senior season. He had been considering giving up his final year of eligibility to enter the NFL draft.

Australian Panel Rejects Boycott

SYDNEY — The Australian Olympic Committee on Friday rejected a proposal that Australia's basketball players boycott games with the U.S. team in Barcelona if it includes Magic Johnson.

acquiring the HIV virus has "no relevance in the basketball setting," and that Australia would come off as an "uneducated backwater" if Johnson's presence is boycotted.

Florida State, King of the Road, Upsets No. 18 Georgia Tech

Florida State: the road warriors. Everybody knows that.
But wait a minute. This isn't football.
As surely as Bobby Bowden built the Seminoles into one of the nation's preeminent football powers with upset victories on the road — in the years when the big boys would not come to Tallahassee — the basketball coach, Pat Kennedy, is making his bones in the same fashion during his team's first season in the tough Atlantic Coast Conference.

ranked North Carolina on Dec. 15 in Chapel Hill. There came victories over then-No. 19 Wake Forest and Maryland.
The Seminoles, 4-2 in the ACC and a road loser only to top-ranked Duke, were 10-point underdogs against the Yellow Jackets.

COLLEGE BASKETBALL

whipped the visiting Titans with outstanding long-range shooting, Oklahoma's 15.3-pointers were two shy of the school record.

No. 23 Texas-El Paso 77, San Diego State 54; In San Diego, Marlon Maxey came off the bench to score 24 points — including four dunks — leading the Miners (15-1, 5-0) over the hapless Aztecs (2-14, 0-4) for their 11th straight victory.

"I was not really playing well and was just hanging in there, serving quite well," Edberg said. "He had the two set points, and on one of them I made a really good backhand volley.

SCOREBOARD

Table with columns for Eastern Conference, Western Conference, and YHUSDAY'S RESULTS. Lists teams and their records.

Table with columns for Major College Scores and European Basketball. Lists scores for various college and international games.

Table with columns for NHL Standings and Campfire Conference. Lists NHL team standings and conference results.

Table with columns for Australian Open and Baseball. Lists tennis match results and baseball game results.

Advertisement for AT&T USADirect Service, featuring a list of international phone numbers and contact information.

Large advertisement for AT&T USADirect Service, including the AT&T logo and the slogan 'The right choice.'

DAVE BARRY

Nice Guy Landlords

Miami - If you were to make a list of the most unpopular professions, you'd have to include landlord, which generally ranks in public-opinion polls, down with attorney, journalist and salmonella. I myself have had some unpleasant experiences with landlords, most notably back in the early 1970s when I shared an apartment with Randall Shantz. One Saturday night we hosted a party (theme: "Many People in a Small, Loud Room") that was a major social success as measured by the number of National Guard units ultimately involved. Mankind can be certain that there are no other advanced life forms in the universe, because if there were, they would have complained about this party. Everybody else did.

thereby leaving them with no viable option but to buy 17 cases of beer. At one point I took one of our tenants, Julius, to the bank and helped him open a checking account. Unfortunately, he didn't grasp the concept: He thought that all he had to do was correctly fill out the blank spaces on the checks, and the bank would provide money in infinite quantities. Julius thought this was a swell system. He couldn't believe it took him so long to find out about it. He's probably in Congress today.

Haute Couture: Scissors Are Sharpened

By Suzy Menkes International Herald Tribune

PARIS — The cutthroat competition among cut-price stores has moved up-market to haute couture. The mood is ugly rather than elegant as the French high fashion shows open here Saturday, with houses fighting for clients and for position in a bear market for luxury goods. The left-pull-together spirit that characterized couture a year ago when the shows ran during the Gulf War, has disintegrated, and although business has picked up, designers know that they are no longer on a roll.



Evening glamour in London show by Marc Bohan for Hartnell.

Any clients he would get for those clothes would be at Les Bains Douches [a Paris nightclub]. Most of these names on the calendar are nobodies or has-beens. Yves Saint Laurent's group consolidated sales for 1990 were three billion francs (about \$550 million); its Rive Gauche ready-to-wear line, according to its director, Maurice Cati, did 350 million francs (about \$65 million) to \$32 million for Valentino's Oliver line and \$192 million in all Valentino's ready-to-wear lines. By contrast, Saint Laurent perfumes had sales of 2.4 billion francs (\$445 million) to Valentino's \$10 million sales in 1991, although there is currently a major sales push with Valentino's appropriately named new fragrance Vendetta.

dress last year) is one of the reasons for Valentino's switch of dates. At the same time, a couture show should attract the clients; otherwise, you have the situation as at Lanvin, where Claude Moutana's success d'estime is reflected neither in clients wearing clothes nor in ready-to-wear sales. Many houses now loan outfits to celebrities, but this denial of the point of haute couture — that it is made to measure to fit one client — is thought to be tarnishing couture's spirit. The alternative is to offer "special prices" to certain clients or, as is now suggested, to bring prices down overall by 20 to 30 percent.

PEOPLE

Bergman Back in Film. But Only as Co-Writer

Ingmar Bergman said a long time ago that he was retiring from film making. And he has kept his word. Devotees of the 73-year-old master have an opportunity to see a company him on another excursion into the profound mysteries of life and love when "Best Intentions" released in May. The film represents a collaboration between Bergman and Bill August, the Dani director of "Felle the Conqueror" which captured an Academy Award for best foreign film in 1988. "Best Intentions" tells the story of Bergman's parents over a decade beginning in 1903. Said August, who had never met Bergman before they spent two months together working on the script: "It is a story of so many different levels of love: a man and a woman in love; parents and children, and the love of God, maybe the most important love, unconditional love and love as a miracle, the way out of mankind's separation and loneliness."



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